

**TESTIMONY OF
JOHN GLECKLER
SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER
ST VINCENTS MEDICAL CENTER
BEFORE THE
FINANCE, REVENUE AND BONDING COMMITTEE
Monday, February 9, 2009**

**HB 6350, An Act Eliminating Exemptions From The Sales And Use Tax And
Lowering The Rate Of Such Tax**

My name is John Gleckler. I am the Senior Vice President, Chief Financial Officer, of St. Vincents Medical Center, Bridgeport CT. I am testifying today in opposition to **HB 6350, An Act Eliminating Exemption From The Sales And Use Tax and Lowering The Rate Of Such Tax.**

HB 6350 would eliminate most exemptions to the sales tax and lower the rate of the tax to five percent. The elimination of the exemption for patient care services would badly hurt not only our Health System, but all health systems in Connecticut. It would drastically hinder our ability to provide quality care.

Providing patients and communities with the finest quality healthcare services is our highest priority. We fulfill a vital role, caring for Connecticut residents 24 hours a day, seven days a week, and they make enormous contributions to the health and quality of life for hundreds of thousands of the greater Bridgeport, Connecticut residents. Last year, we provided a combined 104,500 days of inpatient care at the Medical Center and the Westport behavioral health campus. In addition, we provide a tremendous amount of outpatient and outreach care. Last year, we provided more than 217,000 outpatient visits, including: 60,000 emergency department visits; 21,500 psychiatric care visits; and 21,000 clinic care visits. Every moment of every day, our system and its staff touch the lives of Connecticut residents by providing high quality healthcare services. This bill would impose a sales tax on every one of those services. In addition, during 2008, we provided in excess of \$29.7 million in communicaty benefits program costs, ranging from our Swim Across the Sound program which supports patients during difficult times; to our Bridgeport Primary Care Action Group whose mission is to coordinate care for those patients with barriers to access.

We also make vital contributions to the state's economy by being a major economic bedrock and engine in Bridgeport. We are one of Bridgeport's major employers, offering jobs at all skill and salary levels in a growing employment sector and we are here to stay. Our purchases provide important secondary income and job benefits to the local economy. Hospitals serve as a magnet for other healthcare business and serve as a stimulus for economic development, attracting other businesses into the community, such as retail shops, banks, grocery stores, and family restaurants. This year, CHA conducted an analysis of the economic impact of Connecticut hospitals that shows Connecticut hospitals and health systems:

- Generate nearly **\$12.8 billion** per year for the state and local economies, a growth of 31% since 2004.

- Provide **97,000** jobs in our communities generating approximately **\$7.0** billion in annual local economy payroll; and
- Purchase goods and services generating approximately **\$5.8** billion annually in local economic activity.

But the ability of our Health System and other Connecticut hospitals to continue to make such contributions is constantly threatened. Payments for individuals enrolled in state and federal programs always fall short of the amount needed to cover the cost of care. These deficits rob Connecticut hospitals of the dollars needed for investment in facilities and acquiring modern technology.

Governor Rell, in 2007, established the *Hospital System Strategic Task Force*, chaired by Secretary of the Office of Policy and Management Robert Genuario and Commissioner of the Office of Health Care Access Cristine Vogel. Its members included state legislators, state agencies, professional nurse and physician associations, representatives of Connecticut hospitals and other healthcare experts, as well as business leaders. The report is final and has been submitted to the Governor. I urge you to review the report's findings and recommendations. One of the topics extensively discussed by the task force was "cost shifting" of losses from underfunded government programs to employer-sponsored insurance. The report concludes cost shifting is one of the leading drivers of the financial instability of Connecticut hospitals, is unsustainable, and is eroding the employer-sponsored insurance system hospitals rely on to make ends meet. CHA believes that one of the most important ways to stabilize Connecticut hospitals, recognized in the task force report, is to increase Medicaid funding in the state budget so that hospitals receive the full cost of providing care to patients who are covered by government-funded programs, such as Medicaid and SAGA.

The competing pressures of government funding cuts, the need to attract and maintain a superior workforce, rising input costs, and the continuous effort to improve the care given have put Connecticut's hospitals in a financially tenuous position. In 2008, 23 of the state's 27 not-for-profit acute care hospitals ended the year unable to collect enough patient revenue to cover the cost of care delivered to those patients.

Imposing a five percent sales tax and diverting approximately \$493 million dollars a year from patient care to the General Fund will do nothing to help hospitals meet the healthcare needs of the communities they serve and will significantly increase the cost of healthcare. Therefore, we ask you to vote against **HB 6350, An Act Eliminating Exemptions From The Sales And Use Tax And Lowering The Rate Of Such Tax.**

Thank you for your consideration of our position.